



**RESOLUTION IN SUPPORT OF HOUSE BILL 5902:
AUTHORIZING THE ESTABLISHMENT OF
LONG-TERM INDUSTRIAL LOAD RATES
2018**

WHEREAS, energy is essential for business growth, and the Midland Business Alliance supports initiatives that encourage an ample supply of reliable energy sources at competitive costs; and

WHEREAS, Saginaw County-based Hemlock Semiconductor (HSC) is Consumers Energy's largest electricity customer, comprising 25% of their industrial load, and 10% of their overall load; and

WHEREAS, as a large and sophisticated electricity user, HSC provides grid reliability and stability benefits to other customers, in addition to paying for a large portion of system costs as a utility customer; and

WHEREAS, a customer like HSC is an outlier, with an extremely high load and load factor that make it uniquely low cost to serve; and

WHEREAS, Michigan's rate structure does not currently include a class for a super-industrial customer like HSC that creates a rate to reflect its uniquely low cost to serve; and

WHEREAS, the alternative to a rate-based solution is for HSC to build its own power plant and self-supply electricity, which would remove HSC from the utility system, eliminating revenue from HSC as well as the reliability and stability that HSC's participation provides, leaving other customers to absorb these costs; and

WHEREAS, House Bill 5902 authorizes the establishment of long-term industrial load rates, which would recognize a class of customers with a unique electricity usage profile that is low cost to serve and provides overall benefits to the utility system; and

WHEREAS, the legislation requires Michigan Public Service Commission's (MPSC) review and approval of the long-term industrial load rate proposal, which must adhere to specified guidelines; and

WHEREAS, the MPSC must also find that there is a net benefit to all utility customers from approving the rate, as compared to the alternative of the unique customer leaving the utility system;

NOW, THEREFORE, BE IT RESOLVED THAT THE MIDLAND BUSINESS ALLIANCE SUPPORTS HOUSE BILL 5902, AUTHORIZING THE ESTABLISHING OF LONG-TERM INDUSTRIAL LOAD RATES.

APPROVED THIS 7th DAY OF MAY, 2018, BY THE BOARD OF DIRECTORS OF THE MIDLAND BUSINESS ALLIANCE.

Diane Postler-Slatery, Chair of the Board

Sarah Opperman, President/CEO